



BUDAPEST DECLARATION BUSINESSEUROPE'S COUNCIL OF PRESIDENTS

REBOOT EUROPE: DELIVERING THE NEW EUROPEAN COMPETITIVENESS DEAL FOR INDUSTRY AND SERVICES

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In a world marked by rising geopolitical tensions, Europe needs to do a reboot in EU policies in order to address its growing competitiveness gap if it wishes to remain an anchor of peace, prosperity, security and stability and continue to support Ukraine, actively involving European economic actors in its reconstruction. It is imperative for the EU institutions to agree on a strategic agenda for the EU in 2024-2029 that delivers the New European Competitiveness Deal, as requested by the European Council in April 2024. This is the message of the Presidents of BusinessEurope's member federations gathered in Budapest at the invitation of MGYOSZ – BusinessHungary, three weeks after the European elections and a few days before the start of the Hungarian Presidency of the European Union.

For the second semester of 2024, BusinessEurope underlines 3 priority fields for actions to start delivering the New European Competitiveness Deal that will ensure that the European Union remains the home to successful companies that create quality jobs as part of an economically successful green and digital transition and continues to effectively protect European values and interests.

- **Better regulation in a well-integrated European Single Market**

The Single Market is a crucial asset for European industry when competing globally. Remaining barriers to free movement hinder growth and their full removal is essential to further deepen and modernize our home market, giving more freedom for developing economic activities and improving productivity. We fully support the call to prepare a comprehensive horizontal Single Market strategy, following-up on the Letta report and the recent Council conclusions on the European Single Market, underlining that respect for the rule of law in all member states is a prerequisite for its functioning.

During the upcoming Hungarian Presidency of the European Union, we count on the leaders of all the EU institutions to work together to ensure there is less and better regulation to avoid undermining European companies global competitiveness by:

- removing remaining obstacles to the free movement of goods, persons, services, capital, data and apply simplified procedures for cross-border services, starting with low hanging fruits such as an e-declaration to facilitate posted workers notification process;
- addressing the challenges in the EU standardisation system, with the aim of preserving the public-private partnership model where the industry know-how and investment play a key role;
- improving the efficiency of EU enforcement of existing Single Market rules to avoid uneven transposition, and promoting implementation without gold plating of recently adopted EU legislations such as the directive on sustainable corporate due diligence and the directive on pay transparency;
- making sure that state aid is well targeted, limited in time and carefully monitored to preserve a level playing field within the Single Market;
- delivering on the promise to rapidly reduce reporting requirements for companies by 25%, with a clear timeline and making regular public updates, going beyond that to address other regulatory burdens and fully applying competitiveness checks on all new EU regulatory initiatives, taking into account the cumulative impact of EU legislation on companies and adhering to principles like 'think small first', 'once only', 'digital by default' to prevent over-regulation.



- **Open strategic autonomy to become stronger without turning our back to the world**

With only 6% of the world population and knowing that 85% of economic growth in the coming years will be generated outside the EU, we will not become stronger by turning our back to the world. There cannot be strategic autonomy without openness.

During the upcoming Hungarian Presidency of the European Union, we count on the leaders of all the EU institutions to work together to firmly support rules-based trade and:

- ensure implementation of existing trade agreements, including the EU-UK trade and cooperation agreement, making sure they remain effective and stand the test of time, finalise the agreement with Mercosur and Mexico and make progress on ongoing negotiations with ASEAN countries and India, improving market access and investment opportunities for European companies throughout the world while delivering an improved value proposition to third countries using different tools including Global Gateway;
- carefully calibrate economic security measures, making them precise, proportionate, and predictable to address well-defined risks, avoiding a negative impact on Europe's competitiveness while reinforcing cooperation between the public and private sectors in the form of further intelligence sharing and use of available tools to enable companies to successfully compete in a world of increased security risks;
- continue to closely cooperate with the US, which is our first trading partner, ensuring that it brings satisfactory solutions to transatlantic trade irritants and engages in actions to reduce the costs of doing business but also work to rebalance the relationship with China, recognising the need to mitigate risks while looking at ways to engage in areas of mutual interest, and protecting our companies from unfair trading practices;
- follow-up on the joint communication on "the State of play of EU-Türkiye political, economic and trade relations, focusing on a constructive, mutually beneficial and workable way forward, in particular, to rapidly and efficiently resolve trade irritants and effectively feed the modernization of the EU-Türkiye Customs Union that includes all EU Member States. The scope of the Agreement should be enlarged to cover all goods and services, including procurement, intellectual property rights and state aid, and adjusted to today's ambitions in the areas of green and digital transitions and value chain resilience;
- ensure that companies in the European defence industry have the necessary access to finance to ramp up production and accelerate the development of the required production capabilities to supply Ukraine as well as European defence and that ESG rules do not hinder the financing of this important sector.

- **An ambitious industrial strategy for a resilient future**

To pave the way to a resilient future, improve our competitiveness and decarbonise without deindustrialising, the European Union must complement the Green Deal with an ambitious industrial strategy in the context of the New Competitiveness Deal. It has to ensure that companies have the means to invest in the deep transformation required and attract more foreign direct investment by setting up a framework that will unlock the public and private investment resources needed to ensure the success of the twin transition and further improve EU interconnections and infrastructures.

During the upcoming Hungarian Presidency of the European Union, we count on the leaders of all the EU institutions to work together to:



- address structurally the energy cost differential between the EU and major competitors, and optimize the conditions for public and private investment in production of affordable low carbon and renewable energy in Europe, as well as in infrastructure necessary for decarbonization and to facilitate cross-border energy trade such as electricity grids, interconnectors, storage, pipelines for hydrogen and CO2 transport as well as technologies that enable climate mitigation and sustainability;
- put the speeding up of industrial permitting at the top of the agenda, addressing their complexity and duration by putting time limits for their granting by public authorities and allowing early start of projects;
- enhance access to finance by developing well-functioning Capital Markets and Banking Unions in order to have an efficient and competitive banking system and broader financial sector, able to support the development of European start-ups and companies of all sizes;
- improve the innovation-friendliness of its regulatory framework by ensuring it supports reasonable risk-taking and creating regulatory sandboxes to allow experimenting;
- promote the development of key technologies to sustain open strategic autonomy and all technologies that contribute to decarbonisation, including key technologies for sectors that are difficult to decarbonise in order to foster transformative investment in all sectors and value chains, and diversify our energy sources, including transition sources, and build partnerships with third country providers;
- accelerate the EU supply of critical raw materials by supporting sustainable extractive operations in Europe as well as by easing and securing supply by third countries to enhance Europe' economic resilience and competitiveness.
- implement a balanced EU social policy which answers both companies' and workers' needs, recognizes that growth, competitiveness and productivity is a prerequisite to build a sustainable social dimension, fully respects member states and social partners competences, in line with the subsidiarity principle, and focuses on helping to tackle labour shortages and skills mismatches, with education and training measures, paying special attention to the skills required for the green and digital transitions, and measures to activate the unemployed as well as inactive persons, recognising the positive contribution of talents from third countries in answering labour market needs.
